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DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

A-580-867

Large Power Transformers from the Republic of Korea: Final Results of Antidumping Duty Administrative Review; 2012-2013

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: On September 24, 2014, the Department of Commerce (the Department) published the preliminary results of the administrative review of the antidumping duty order on large power transformers from the Republic of Korea.¹ The review covers five producers/exporters of the subject merchandise, Hyosung Corporation (Hyosung), Hyundai Heavy Industries Co., Ltd. (Hyundai), ILJIN, ILJIN Electric Co., Ltd. (ILJIN Electric), and LSIS Co., Ltd. (LSIS). ILJIN, ILJIN Electric, and LSIS, were not selected for individual examination. The period of review (POR) is February 16, 2012, through July 31, 2013. As a result of our analysis of the comments and information received, these final results differ from the *Preliminary Results*. For the final weighted-average dumping margins, *see* the “Final Results of Review” section below.

DATES: Effective (Insert date of publication in the *Federal Register*).

FOR FURTHER INFORMATION CONTACT: Brian Davis (Hyosung) or David Cordell (Hyundai), AD/CVD Operations, Office VI, Enforcement and Compliance, International Trade

¹ See *Large Power Transformers From the Republic of Korea: Preliminary Results of Antidumping Duty Administrative Review; 2012–2013*, 79 FR 57046 (September 24, 2014) (*Preliminary Results*).

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SUPPLEMENTARY INFORMATION:

Background

On September 24, 2014, the Department published the *Preliminary Results*. In accordance with 19 CFR 351.309(c)(1)(ii), we invited parties to comment on our *Preliminary Results*.² On October 15, 2014, the Department issued a post-preliminary supplemental questionnaire, to which Hyundai responded on November 3 and 12, 2014, and December 2, 2014. On December 19, 2014, Hyosung and ABB Inc. (Petitioner) timely submitted case briefs.³ Rebuttal briefs were also timely filed by Hyosung, Hyundai, and Petitioner, on January 9, 2015.⁴ On January 20, 2015, the Department issued a memorandum extending the time period for issuing the final results of this administrative review from January 22, 2015 to March 16, 2015. On March 6, 2015, the Department further extended the final results to March 23, 2015.⁵

Scope of the Order

The scope of this order covers large liquid dielectric power transformers (LPTs) having a top power handling capacity greater than or equal to 60,000 kilovolt amperes (60 megavolt amperes), whether assembled or unassembled, complete or incomplete. The merchandise subject

² The Department issued the briefing schedule in a Memorandum to the File, dated November 3, 2014. This briefing schedule was later extended at the request of interested parties to December 19, 2014 for briefs and January 9, 2015 for rebuttal briefs on all issues, except one.

³ See Brief from Petitioner regarding Hyundai, (Petitioner Brief Hyundai), Brief from Petitioner regarding Hyosung (Petitioner Brief Hyosung) and Hyosung Brief, all dated December 19, 2014.

⁴ See Hyosung Rebuttal Brief, Hyundai Rebuttal Brief and Petitioner Rebuttal Brief: all dated January 9, 2015. Petitioner requested an extension for rebuttal briefs to January 9, 2015 which the Department granted for all parties on December 8, 2014. See Letter to All Interested Parties dated December 8, 2014. Petitioner also requested a further extension for submission of the initial briefs, which the Department denied in its letter to all parties dated December 17, 2014, with the exception of one issue.

⁵ See Memoranda to the file dated January 20, 2015 and March 6, 2015.

to the order is currently classified in the Harmonized Tariff Schedule of the United States at subheadings 8504.23.0040, 8504.23.0080 and 8504.90.9540.⁶

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this administrative review are addressed in the Issues and Decision Memorandum.⁷ A list of the issues that parties raised and to which we responded is attached to this notice as an Appendix. The Issues and Decision Memorandum is a public document and is on-file electronically via ACCESS. ACCESS is available to registered users at <http://access.trade.gov> and in the Central Records Unit, Room 7046 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly on the Internet at <http://enforcement.ita.doc.gov/frn/index.html>. The signed Issues and Decision Memorandum and the electronic version of the Issues and Decision Memorandum are identical in content.

Changes Since the Preliminary Results

Based on a review of the record and comments received from interested parties regarding our *Preliminary Results*, we recalculated Hyosung's and Hyundai's weighted-average dumping margins for these final results.

For Hyosung, we revised our margin program by adjusting Hyosung's reported U.S. duty expenses for certain sales transactions. We are also including U.S. freight expenses that were excluded in the *Preliminary Results* and including the entered value of a unit that entered the

⁶ For a full description of the scope of the order, see the Memorandum from Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, titled "Issues and Decision Memorandum for the Final Results of the Administrative Review of the Antidumping Duty Order on Large Power Transformers from the Republic of Korea; 2012-2013" (Issues and Decision Memorandum), which is issued concurrent with and hereby adopted by this notice, and dated concurrently with this notice.

⁷ *Id.*

United States during the POR in our calculation of the assessment rates for entries of LPTs during the POR.⁸

We made some changes to our calculation programs for Hyundai with respect to oil and certain other expenses. We also used the latest revised databases for U.S. sales and the Cost of Production based on post-preliminary questionnaires and responses.⁹

As a result of the aforementioned recalculations of Hyosung's and Hyundai's weighted-average dumping margins, the weighted-average dumping margin for the three non-selected companies also changed.

Final Results of the Review

As a result of this review, the Department determines the following weighted-average dumping margins¹⁰ for the period February 16, 2012, through July 31, 2013, are as follows:

⁸ See Memorandum from Brian Davis to the File, regarding "Analysis of Data Submitted by Hyosung Corporation in the Final Results of the Administrative Review of the Antidumping Duty Order on Large Power Transformers from the Republic of Korea; 2012-2013" (Hyosung Final Analysis Memorandum), dated March 23, 2014, at section "Changes from the Preliminary Results," for further information.

⁹ See Memorandum from David Cordell to the File, regarding "Analysis of Data Submitted by Hyundai Heavy Industries Co., Ltd. in the Final Results of the Administrative Review of the Antidumping Duty Order on Large Power Transformers from the Republic of Korea; 2012-2013" (Hyundai Final Analysis Memorandum), dated March 23, 2014, at section "Changes from the Preliminary Results," for further information.

¹⁰ The rate applied to the non-selected companies (*i.e.*, ILJIN, ILJIN Electric, and LSIS) is a weighted-average percentage margin calculated based on the publicly-ranged U.S. volumes of the two reviewed companies with an affirmative dumping margin, for the period February 16, 2012, through July 31, 2013. See Memorandum to the File titled, "Large Power Transformers from the Republic of Korea: Final Dumping Margin for Respondents Not Selected for Individual Examination," through Angelica Townshend, Program Manager, dated concurrently with this notice.

| Manufacturer/Exporter | Weighted-Average Margin (percent) |
|------------------------------------|--------------------------------------|
| Hyosung Corporation | 6.43 |
| Hyundai Heavy Industries Co., Ltd. | 9.53 |
| ILJIN Electric Co., Ltd. | 8.16 |
| ILJIN | 8.16 |
| LSIS Co., Ltd. | 8.16 |

Duty Assessment

The Department shall determine and U.S. Customs and Border Protection (CBP) shall assess antidumping duties on all appropriate entries.¹¹ For any individually examined respondents whose weighted-average dumping margin is above *de minimis*, we calculated importer-specific *ad valorem* duty assessment rates based on the ratio of the total amount of dumping calculated for the importer's examined sales to the total entered value of those same sales in accordance with 19 CFR 351.212(b)(1). Upon issuance of the final results of this administrative review, if any importer-specific assessment rates calculated in the final results are above *de minimis* (*i.e.*, at or above 0.5 percent), the Department will issue instructions directly to CBP to assess antidumping duties on appropriate entries.

To determine whether the duty assessment rates covering the period were *de minimis*, in accordance with the requirement set forth in 19 CFR 351.106(c)(2), for each respondent we calculated importer (or customer)-specific *ad valorem* rates by aggregating the amount of dumping calculated for all U.S. sales to that importer or customer and dividing this amount by

¹¹ In these final results, the Department applied the assessment rate calculation method adopted in *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Proceedings: Final Modification*, 77 FR 8101 (February 14, 2012).

the total entered value of the sales to that importer (or customer). Where an importer (or customer)-specific *ad valorem* rate is greater than *de minimis*, and the respondent has reported reliable entered values, we apply the assessment rate to the entered value of the importer's/customer's entries during the review period.

The Department clarified its “automatic assessment” regulation on May 6, 2003.¹² This clarification will apply to entries of subject merchandise during the POR produced by the respondent for which it did not know its merchandise was destined for the United States. In such instances, we will instruct CBP to liquidate unreviewed entries at the all-others rate if there is no rate for the intermediate company(ies) involved in the transaction. For a full discussion of this clarification, *see the Automatic Assessment Clarification*.

We intend to issue assessment instructions directly to CBP 15 days after publication of the final results of this review.

Cash Deposit Requirements

The following cash deposit requirements will be effective upon publication of this notice for all shipments of subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication of these final results, as provided by section 751(a)(2) of the Act: (1) the cash deposit rate for respondents noted above will be the rate established in the final results of this administrative review; (2) for merchandise exported by manufacturers or exporters not covered in this administrative review but covered in a prior segment of the proceeding, the cash deposit rate will continue to be the company specific rate published for the most recently completed segment of this proceeding; (3) if the exporter is not a firm covered in this review, a prior review, or the original investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recently completed segment of this proceeding for

¹² *See Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties*, 68 FR 23954 (May 6, 2003) (*Automatic Assessment Clarification*).

the manufacturer of the subject merchandise; and (4) the cash deposit rate for all other manufacturers or exporters will continue to be 29.93 percent, the all-others rate established in the antidumping investigation.¹³ These cash deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Importers Regarding the Reimbursement of Duties

This notice also serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping and/or countervailing duties prior to liquidation of the relevant entries during the POR. Failure to comply with this requirement could result in the Department's presumption that reimbursement of antidumping and/or countervailing duties occurred and the subsequent assessment of doubled antidumping duties.

Administrative Protective Order

This notice also serves as a reminder to parties subject to administrative protective orders (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3), which continues to govern business proprietary information in this segment of the proceeding. Timely written notification of the return/destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

¹³ See *Large Power Transformers From the Republic of Korea: Antidumping Duty Order*, 77 FR 53177 (August 31, 2012).

We are issuing and publishing this notice in accordance with sections 751(a)(1) and 777(i)(1) of the Act and 19 CFR 351.213(h).

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

____March 23, 2015_____
Date

Appendix

List of Topics Discussed in the Final Issues and Decision Memorandum

- I. Summary
- II. List of Issues
- III. Background
- IV. Discussion of Interested Party Comments

A. General Issues

Comment 1: Whether the Department Treats Installation Expenses as Further Manufacturing Costs

B. Hyosung -Specific Issues

- Comment 2: Discrepancies Between Hyosung's Net U.S. Price (as Calculated by the Department) and Reported Entered Values
- Comment 3: Hyosung Has Overstated Its Reported U.S. Prices and Understated/Omitted U.S. Expenses and Whether to Apply Adverse Facts Available (AFA)
- Comment 4: U.S. Commission Expenses
- Comment 5: U.S. Ocean Freight Expenses
- Comment 6: Installation Expenses
- Comment 7: The Department Erred in Conducting the Differential Pricing Analysis
- Comment 8: Consideration of an Alternative Comparison Method in an Administrative Review
- Comment 9: Denial of Offsets for Non-Dumped U.S. Sales When Using the A-To-T Comparison Method In Administrative Reviews
- Comment 10: Harbor Maintenance Fees
- Comment 11: Oil Expenses
- Comment 12: Exclusion of Certain U.S. Freight Expenses for a Particular U.S. Sales Transaction
- Comment 13: Calculation of Importer-Specific Assessment Rate
- Comment 14: Incomplete Further Manufacturing Cost Data

C. Hyundai-Specific Issues

- Comment 15: Hyundai's U.S. Sales Data are Not Reliable or Verifiable Because of Certain Submissions and Should Not Be Used in the Final Results
- Comment 16: AFA with Respect to Comment 15 (Above).
- Comment 17: "Overlapping" Sales between Investigation and This Review
- Comment 18: Alleged Underreported U.S. Movement and Selling Expenses
- Comment 19: Hyundai's Reporting of Home Market Sales
- Comment 20: Indirect Selling Expenses

Comment 21: Section E Response Was Not Complete

Comment 22: Whether Total AFA is Warranted Based On the Totality of Hyundai's Responses

V. Recommendation

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